

CalPERS Forecast Total Risk (1 Standard Deviation) – 1 Year Horizon June 30, 2011

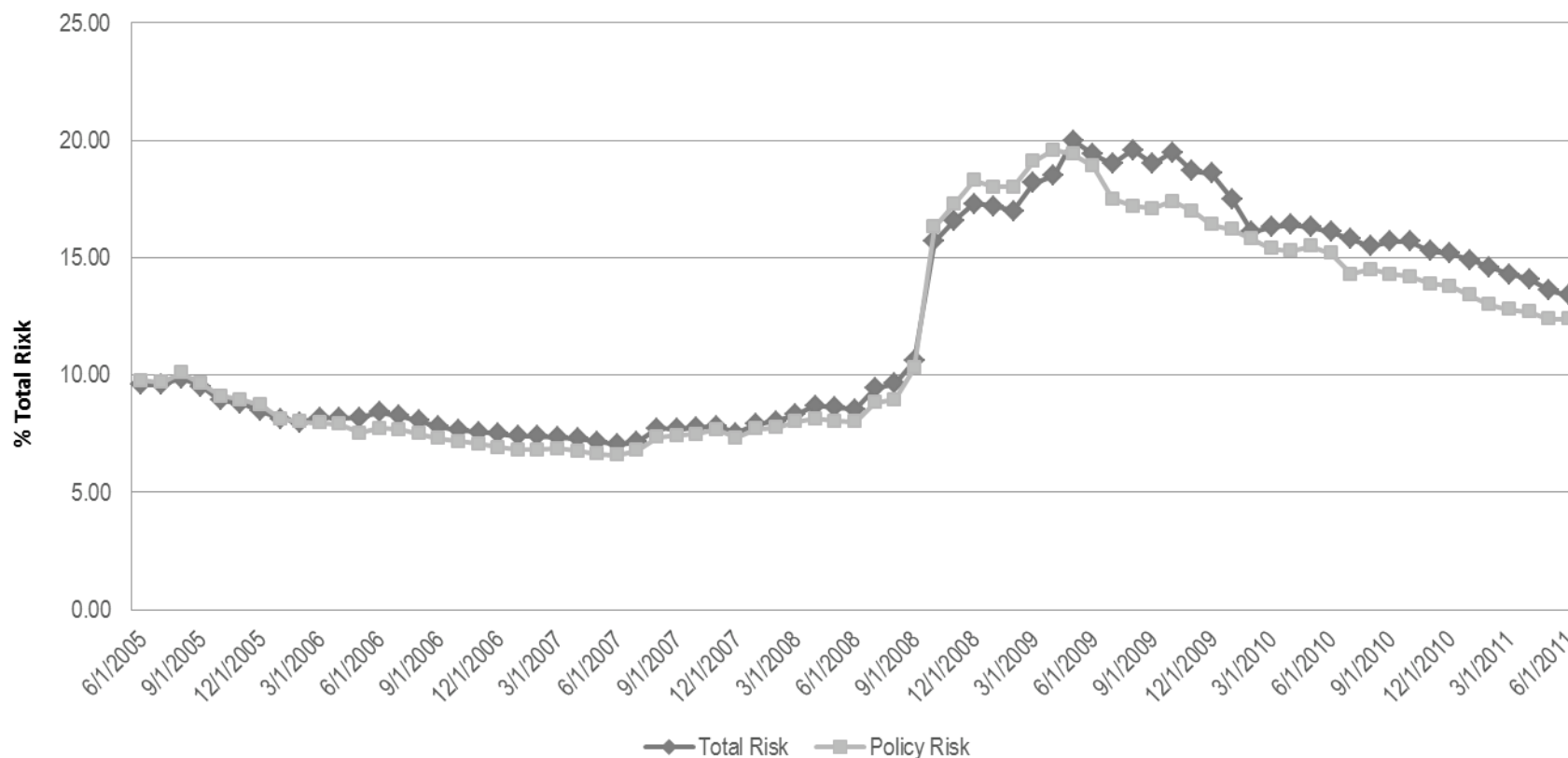
<u>Asset Class</u>	<u>Policy Risk Benchmark</u>	<u>Total Risk</u>	<u>Portfolio VaR (MM's)⁽¹⁾</u>	<u>Policy Risk</u>	<u>Volatility Forecast ⁽²⁾</u>
Global Equity	Total GE Blend Benchmark	18.3%	\$10,411	18.0%	16.0%
Global Fixed	Global Fixed Income	6.5%	\$1,398	6.3%	6.5%
Real Estate	NCREIF Proxy	17.1%	\$1,485	13.9%	14.0%
Alternative Investment	AIM Benchmark Proxy	24.5%	\$3,822	30.1%	26.0%
Inflation Linked	CPI	9.2%	\$348	3.7%	12.5%
Cash	US Dollar	0.5%	\$0	0.0%	1.0%
TOTAL FUND	Total Fund Blended Benchmark	13.4%	\$14,665	12.3%	11.9%

(1) Maximum loss with 99% confidence over 10 day holding period

(2) Forecast risk used in the November 2010 ALM Workshop

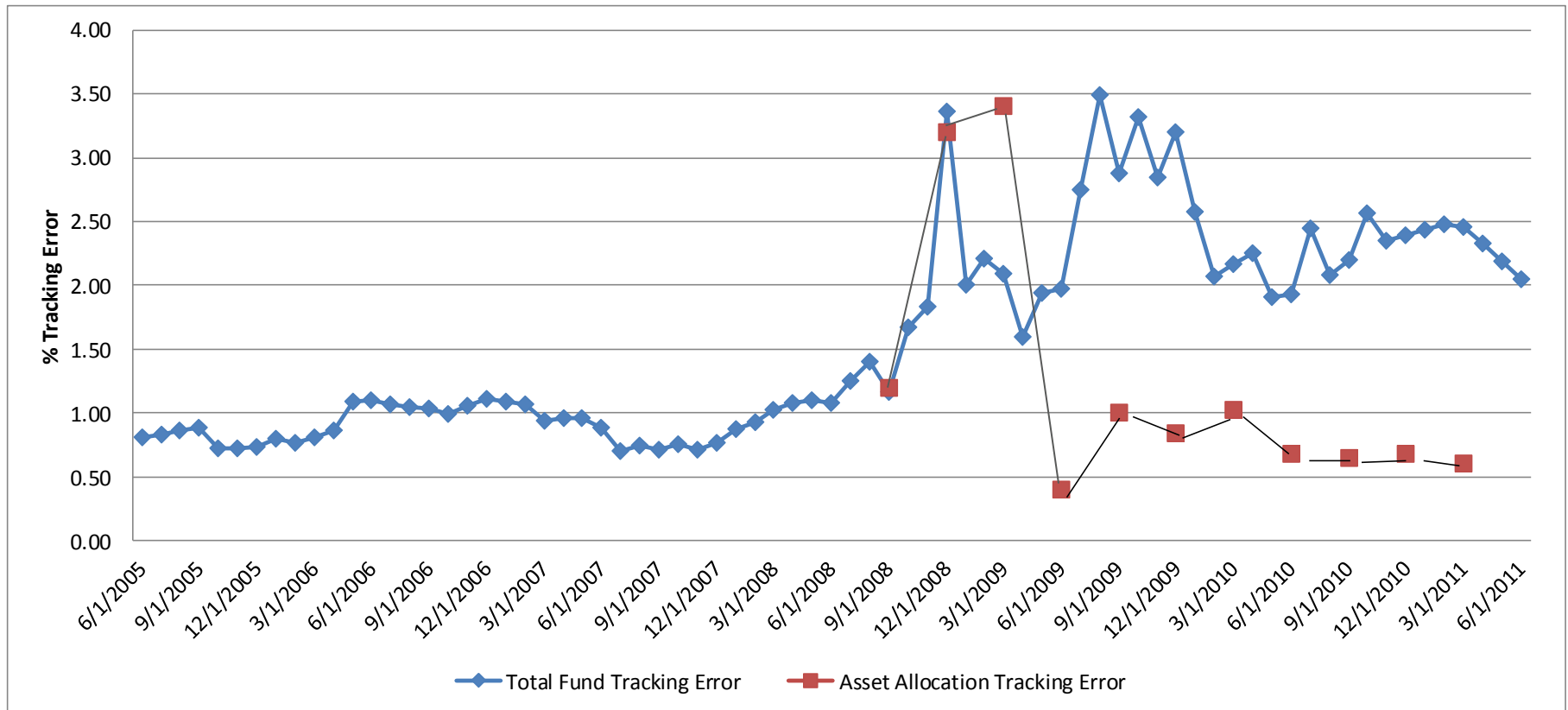
History of 1 Year Forecast Total Risk

June 30, 2011



History of 1 Year Forecast Tracking Error

June 30, 2011



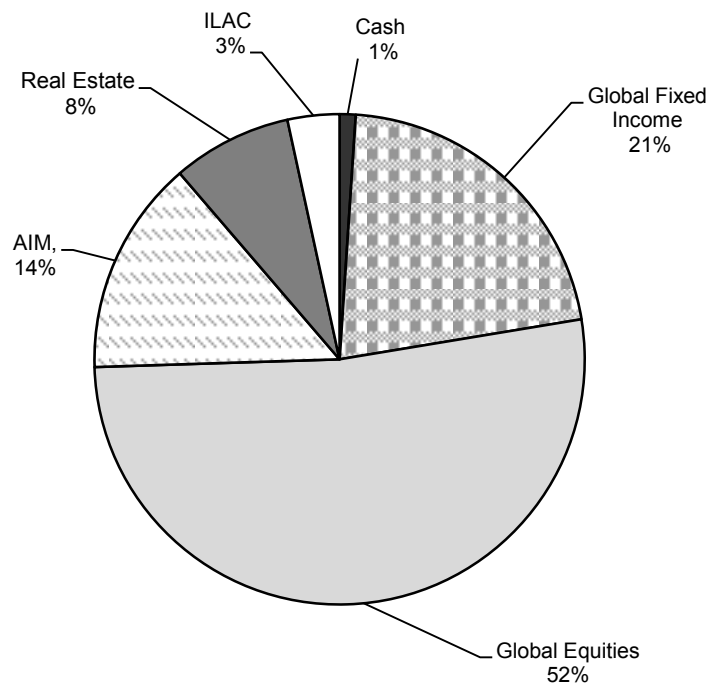
CalPERS Total Fund Tracking Error

June 30, 2011

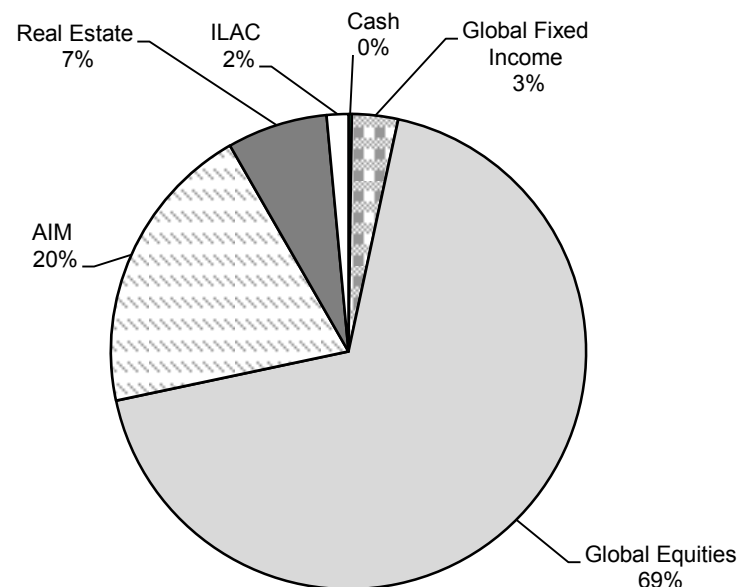
Asset Allocation				Security/Sector Selection		Total Fund Tracking Error	
Asset Class	Actual Allocation (%)	Target Allocation (%)	Difference (%)	3 yr Realized Tracking Error (%)	Risk Forecast Tracking Error (%)	Risk Budget Tracking Error (%)	Risk Forecast Tracking Error (%)
Global Equity	51.9	49.0	2.9	1.20	0.53		
Global Fixed Income	21.3	21.0	0.3	4.19	1.73		
Real Estate	7.8	10.0	-2.2	17.2	5.60		
AIM	14.2	14.0	0.2	15.07	9.70		
Inflation Linked	3.4	4.0	-0.6	9.62	5.80		
Cash	1.1	2.0	-0.9	-	-		
Active Asset Allocation Tracking Error		Risk Budget 0.75	Risk Forecast 0.50				
Total Fund Tracking Error						1.5	2.05

Total Fund Asset Allocation vs. Risk Allocation June 30, 2011

Asset Allocation



Total Risk Allocation



Leverage

June 30, 2011 ⁽¹⁾

	Asset Allocation	Non- recourse Debt	Recourse Debt	Notional Leverage (4)	Invested Capital	Contin- gent Claim	Total Exposure	Capital Commit- ment
Global Equity	123,262	-	-	3,253	126,515		126,515	
AIM	33,612	-	-	-	33,612		33,612	14,700
Fixed Income	41,147	-	-	-	41,147		41,147	
Credit Enhancement		-	-	-	0	1,540	1,540	
Securities Lending		-	-	4,158	4,158		4,158	
Real Estate ⁽²⁾	18,643	13,133	3,197		34,973		34,973	7,020
Inflation Linked (all other)	5,155	-	-	-	5,155		5,155	
Infrastructure	636	422	-	-	1,058		1,058	380
Forestland	2,286	580	-	-	2,866		2,866	20
Liquidity & Transition ⁽³⁾	12,766	-	-	-	12,766		12,766	
Total	237,507	14,135	3,197	7,411	262,250	1,540	263,790	22,120

(1) Except as otherwise noted

(2) As of March 31, 2011

(3) Includes 8,932 in asset allocation & transition

(4) Includes derivative instruments not fully collateralized and cash collateral invested in other than "cash like" instruments

Derivative Counterparty Exposure

June 30, 2011

Counterparty	FORWARD	OPTION	SWAP	Total	Collateral Posted*	Net Exposure	CDS Spread	Credit Rating	Above Average
Bank of Montreal	(917,083)			(917,083)		(917,083)	91	A+	NO
Bank of America	(6,506,169)	(409)	(2,926,197)	(9,432,775)		(9,432,775)	169	A	YES
BNP	(959,739)			(959,739)		(959,739)	137	AA	YES
Barclays PLC	(5,745,965)		(15,405,215)	(21,151,180)	8,000,000	(13,151,180)	139	A+	YES
Citigroup	3,136,330		73,188	3,209,518		3,209,518	144	A	YES
Credit Suisse	(21,456,483)		(6,174,939)	(27,631,422)	16,400,000	(11,231,422)	162	A	YES
Deutsche Bank	(4,831,507)	116	2,454,703	(2,376,688)		(2,376,688)	112	A+	NO
Goldman Sachs & Co.	(1,168,962)		682,994	(485,968)		(485,968)	144	A	YES
Goldman Sachs Intl.	(12,155,328)		(8,595,834)	(20,751,162)		(20,751,162)	144	A	YES
JPMorgan	1,371,793		(41,630,717)	(40,258,924)	39,800,000	(458,924)	90	A+	NO
Mellon Bank	2,504,633			2,504,633		2,504,633	125	AA	NO
Morgan Stanley	(310,014)		(3,098,660)	(3,408,674)		(3,408,674)	170	A	YES
Morgan Stanley Intl.	(11,642,943)			(11,642,943)		(11,642,943)	170	A	YES
RBS	(5,298,395)		(1,537,383)	(6,835,778)		(6,835,778)	178	A	YES
Societe Generale			(40,417,205)	(40,417,205)	35,650,000	(4,767,205)	171	A+	YES
State Street	157,038			157,038		157,038	111	AA-	NO
Toronto Dominion	(6,131,531)			(6,131,531)		(6,131,531)	50	AA-	NO
UBS	(8,190,419)	11,330	(15,229,862)	(23,408,951)	6,550,000	(16,858,951)	99	A+	NO
WestPac Bank	(15,219,085)			(15,219,085)		(15,219,085)	121	AA	NO
Grand Total	(93,363,829)	11,037	(131,805,127)	(225,157,919)	106,400,000	(118,757,919)	133		

* As of 6/30 the fund did not hold collateral posted FROM counterparties, but had posted 106mm in collateral TO counterparties

As of 6/30 Mortgage TBA Exposure was 10mm in negative mark to market value, i.e. trading counterparties had exposure TO CalPERS

Total Fund Liquidity Analysis

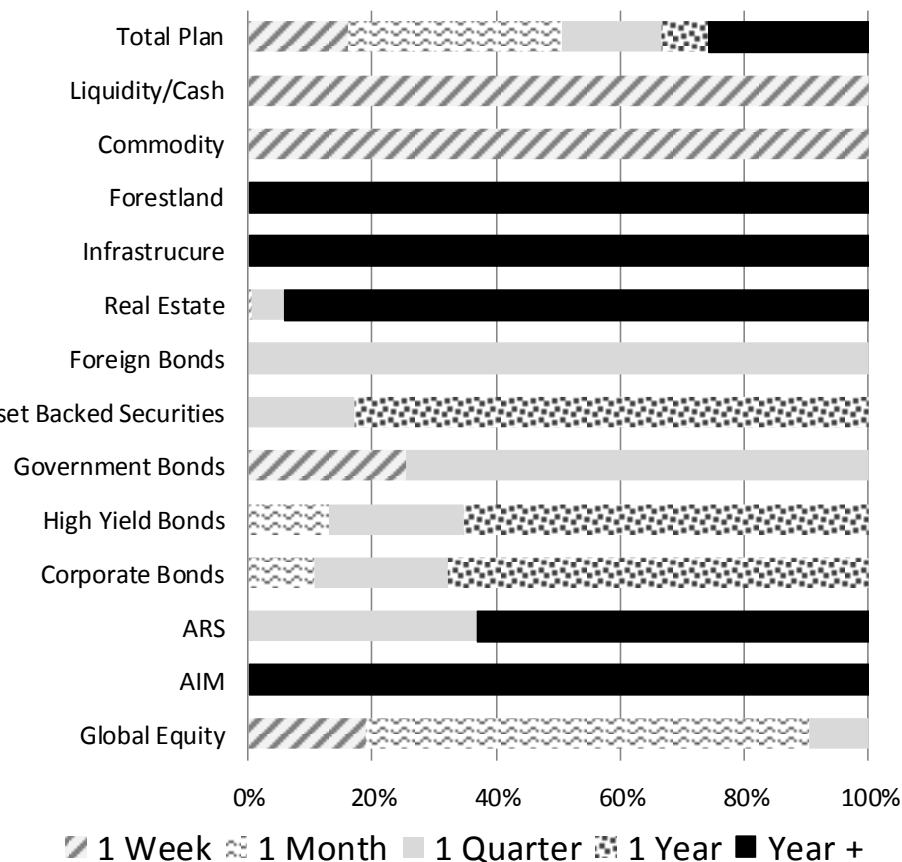
June 30, 2011

	1 Wk	1 Mo	1 Qtr	1 Yr	Yr +
Total Fund ¹	16%	34%	16%	8%	26%
\$225B Assets ²	36.1	77.6	36.0	17.6	57.6

¹Percentage of assets that can be monetized by time frame

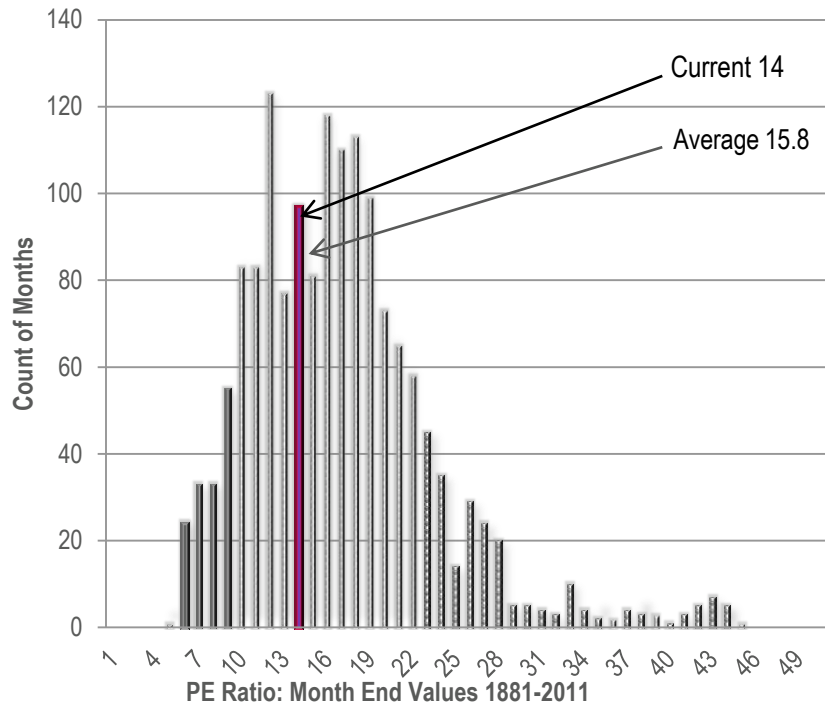
²Dollar value assuming a \$225B Total Fund value

Program

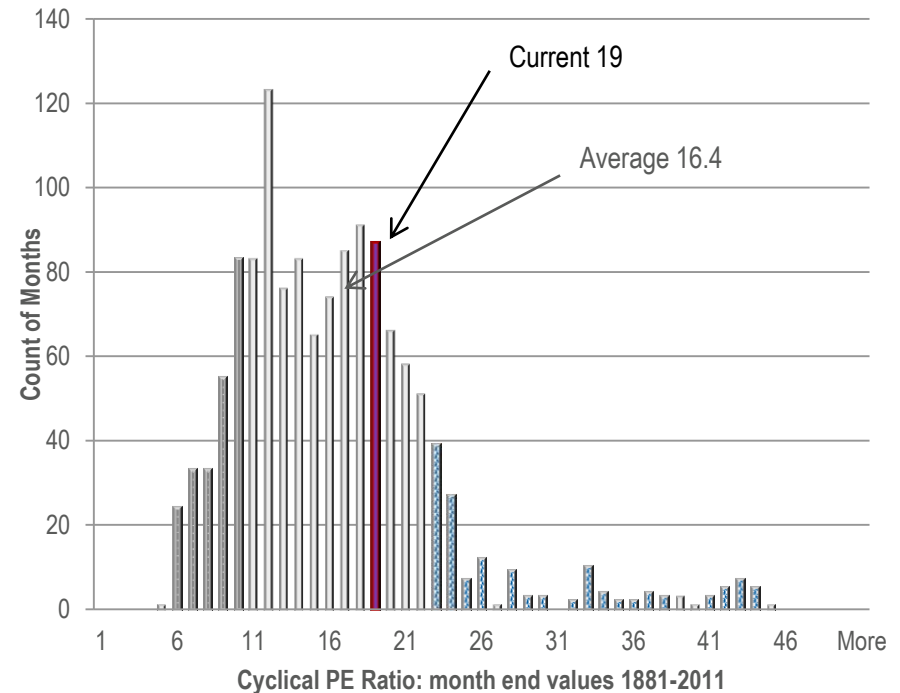


Percent Monetization

Price Earnings (PE) Ratio Histograms June 30, 2011



- Conventional PE Ratio defined as trailing 12 months earnings for the S&P 500 index on a month end basis
- Average PE Ratio from 1881-2011 has been 15.8, with a standard deviation of 8.8
- Current value is 14



- Cyclical PE Ratio defined as average of 10 year reported earnings for the S&P 500 index on a month end basis
- Average Cyclical PE Ratio from 1881-2001 has been 16.4 with a standard deviation of 6.6
- Current value is 19